How to Scale Land Investing Deals with Willie G from the Land Investing Pros

Hosted by: Joe McCall
Guest: Willie G

Joe: All right, guys, what's going on, Joe McCall, the Real Estate Investing Mastery podcast. Glad you're here. And we're gonna be talking about one of my favorite subjects, land investing on this episode. And I have a friend who's been on the show before. His name is Willie G. And we're gonna be talking about some new things that he's doing, new since we talked to him last. And it's going to be pretty cool and exciting. And I think you guys are going to get a lot out of this podcast. So stay tuned. But first, let me remind you, this podcast is brought to you by my book, Recession Proof Real Estate Investing.

Joe: And one of the things I talk about in this book are the new opportunities that are coming our way in this recession. And we have actually started doing more land deals than we have in a long, long time. We're starting to see an uptick in an increase in motivated seller leads and a ton of interest in buying the properties that we're selling. And I talk about that here in the book, Recession Proof Real Estate Investing. It's more than just a book. And I have a lot of cool things in here, like it's all in color, too, right? So I give you the signs that I use. I even give you look here the letters that I use to find the buyers and to find sellers.

Joe: It's a book that comes with a mind map. Comes with some videos. It comes with my spreadsheets and scripts. What we say to sellers. How we make our offers. So there's you know, they say with every crisis comes an equal amount of opportunity. So you can get this book right now for just seven bucks at REIProof.com. REIProof.com. Go check it out. And again, one of the things I talk about on there is land investing because that's something that we're doing right now. Me and my boys, my two teenage boys. So let's just dive right in right now. Willy G. How are you man?

Willie: I'm doing well. Thanks for having me on show again, Joe. Appreciate it.

Joe: I'm glad you're here. I don't remember how long ago it was. Maybe when you're talking, I'll look here to see how long ago was when I had you on before. But you're doing some pretty cool things. You know, you were doing some deals, then you started doing some teaching and coaching. And then you just said, you know what? I have to focus on land. And your business has, since you've been focusing on land, has really exploded. And so I'm excited about it. So I reached out to you and said, let's do a podcast and talk about what's going on in your business, because I'd like to learn a little bit about what you're doing as well. Let me give you all listening to the podcast. A little history here before I start asking really some questions.

Joe: I have two sons are 16 and 15 years old. And for the last year or two, they've been really interested in getting into real estate. One of the challenges with creative types of deals that we like to do now, lease options or something. It's a little hard for a teenager and maybe I'm underestimating them, but to, like, really understand and explain and negotiate with sellers, these creative types of deals. Right. And so one of the things I've liked about land investing and I've been interested in for a long, long time is like you can send out mail. You can actually make offers before ever even talking to the seller.

Joe: I thought, well, I can have my boys do that. We can send out mail. The lead comes in. It goes to voicemail. My boys can do the research, look at actives. They look at sold comps. We make an offer at 20, 25 percent of whatever the value is today. And they send the offer. And we don't even have to talk to the sellers until after they've gotten our offer. And we make these offers ridiculously low. It doesn't matter almost whether we make a mistake or not. Now, we still do some due diligence if they accept the offer. I have some friends of mine that used to do houses with me and they want to do land instead. So they're helping me sell the properties once we get it under contract.

Joe: So my boys are making a ton of money. We just did a deal. We bought it for 10 grand. We sold it for 33. And after I get it, I get reimbursed because I'd pay them an hourly wage, you know, and I get reimbursed. I pay them, I get reimbursed my direct mail and then my partners who sell the land, they get certain percent of the profit. My one of my boys got almost ten thousand dollars for sitting down working. They're spending hours and hours on it. But like that one deal, they only spent maybe 15 minutes on it. Right. And he's getting a ten-thousand-dollar check and the guy's not even. Well, he just turned 16. My other son got a check for like four thousand dollars.

Joe: And then we've got ten. No, no. We've got eight properties right now under contract that we are starting to market and advertise. Two of those eight we are already advertising. We already have a lot of buyers interested in them. And the other cool thing is this. My other son and I'm not going to name names because I'm trying to protect their privacy and all that. But one of them is going to be getting like twenty-three thousand dollars in profits. And the kid is just I'm thinking, what am I doing here? Like, you know, maybe I need to be keeping more of these profits. But, you know, if these deals sell, I'm not going to count my eggs. But that's only three of the eight deals right now. He's going to get a nice check in the next month or two months for like twenty to twenty-three thousand dollars.

Joe: So anyway, that's the intro to this podcast, because Willie G is doing a lot of really cool things right now. And I love land investing. There's a lot of new opportunity right now in real estate. And if you're you know, if you're just looking for another stream of income, another potential way to make some money while you do houses. I'm not telling you to start a whole new business. But, you know, take a look at what we're doing here and what things are going on, and I think you're going to be really intrigued. So, Willie, thanks for being here, man.

Willie: Yeah. Thank you. I like what you're talking about, getting your kids involved with it. I don't think real estate needs to be complicated for the average real estate investor. I think land is a heck of a lot simpler than other niches, like wholesaling, house flipping. And when you remove the structure, your roof. A lot of complexity. Everything gets to be a lot more simple. And I don't know why. Just because you're middle aged means you need more complexity. I think even if you're middle aged, you, like, see more simplicity. And to start a business that a 16-year-old can do and sounds like it sounds you feel very well.

Willie: And if your sons can do well, I don't see why anyone else who's a bit older, more experienced, has more skills, can get involved and do extremely well. So I don't think just because you're getting into real estate needs to be complicated and you should start in a niche that it's so easy to get a 16 year old can make a twenty-three thousand dollar check or something along those lines. So, yeah, I think it's great what you're doing with your kids.

Joe: It's what's funny, too, because they're getting ready to take the studying for the college prep. They're taking college prep classes for the tests, ACT, SAT, and whatever. And you can't even take them right now anyway. But it's sometimes I get annoyed. Like, do you really, really want to go to college or are we forcing you to go to college or like, is it even necessary? And why do we have to take these stupid tests that are just pointless? And, you know, so anyway, I kind of got to fix my little crummy attitude a little bit and stop complaining and whining. But, man, these boys, even if they go to college, which I think they will. I hope they do. I don't know. Who cares?

Joe: Even if they go out and get a degree, I suspect that they get a job in the real world. If they do, they're going to look back and think, man, it was sure easy making 20 something thousand dollars, just sending some offers to vacant land deals in the middle of nowhere. Right. So, OK, Willie, let's backtrack a little bit. What is land investing and get a broad picture thing? How do you buy and sell or flip vacant land?

Willie: Yeah, so we buy. So I guess I'll start with buy. We buy vacant land by sending out direct mail offer letters directly to owners' properties.

Joe: So you're sending offer letters, you're making them an offer on that first letter.

Willie: Right. So no cold calling, no driving for dollars. Direct mail off the letters. We will put the price of what we want to buy the property in that offer letter. And then we literally will find the hottest markets in the country. The areas where we find the most activity was most man, most people buying property. We will literally draw a circle around that area and then we will mail that area and offer prices, because once we buy it, we want to sell it fast. So we're going send out direct mail offer letters. We're gonna circle that area. Find all the owners in that area and pretty much blast out mail and phones will start ringing. So that's how we buy property.

Joe: I want to talk to more about the details of how you do that in a minute. Now, when you buy them, what do you do with them? Are you buying them with cash?

Willie: Yeah. So we buy them cash. So we will literally close the deal. We will hire a local rotary. In many cases sometimes we'll close with title. I would say about twenty five percent of our deals and title closes. Seventy five percent, we're literally sending out a mobile notary to meet with the seller and sign the deed. We will literally give them a cashier's check. The notary will give them a deed, and then we'll send it to the country for recording. So we save a ton of money on having no realtor commissions, having no title fees and just making the transaction as simple as possible for the seller. And that's part of the take away that the seller in the value proposition for the sellers, we make it so easy for them.

Willie: They get a net amount on that cashier check. So we pay it cash, and then we're gonna go and turn around and try to sell it online through various Web sites and ultimately drive traffic to our Web site, guide customers towards a check out on our Web site. Most of the time, people are checking out the credit card. And most of the time people are making payments on terms. And what's great about this niche over any other niche in real estate is because our margins. Our margins are by far the best aspects of this business. So an average deal for us looks like we're making a three thousand dollar cash offer and we will turn around and sell it for around 18 to 20 thousand dollars on terms and just do it again and again and again.

Willie: And the diligence process in the land niche is it takes. I mean, you've done it, Joe. It's all but I mean, from our perspective, we pull a property, throw it on David trees and whatever software we use. We look at it. We say, OK, fine. Overcast, and then we'll send it to bill. So it literally takes my business partner and I about two minutes to do our diligence on property. Maybe we'll pull up comps if we know the area, we won't even pull up comps. So because the diligence process is so fast, you don't have to go on site to inspect the property. You don't have to worry about foundation issues. You don't have to worry about tenants squatting in properties or not making monthly rent payments because that diligence process is so fast we're able to just do it again and again and again and again and really scale the thing and sit back at the margins.

Willie: Eighty five percent margins. Eighty three percent margins is kind of where we stand. And like, I don't think there's any other niche in real estate, even in any business, like a three percent margin really, really high. So I mean, those are kind of the funnel and mentally to the best things about this niche model. And why. It's much better than getting involved in thousands, scalability can do it. Many would choose the hottest markets. It's all done remotely. I mean, just so many good things I can say about it and frankly, can't say enough. . Yeah, I know. I mean, a lot of different things even into any of those topics. So happy to go deeper on whatever you want, wherever you are.

Joe: Let's talk about how many deals are you guys doing a month right now on average.

Willie: So we are the past four weeks it's been. So what we're doing about 60 deals a month right now. So the past three months, I would say, is about fifty-five to sixty-five properties sold per month on average. So, I mean, I don't know many house wholesalers who are able to kind of churn out that many deals. And again, I think it speaks to the scalability of this niche. You don't need to go inside these properties, not drive the dollars, not managing huge team people going out to make offers on properties. It's much simpler, much more scalable. So, yes, but yes, you're now and then we'll sell some. Well, those are separate from our.….

Joe: So what does your team look like? How many people do you have?

Willie: So we have a fairly big team at this point for two and a half years. It was mostly myself and a V.A. In the past year, so I've been doing this a little over three and a half years at this point. And our team right now is about 20 people. About 10 of them in the States and 10 of them abroad in the Philippines. So we have I mean, if I break it down to you. We've got two transaction coordinators out here. Over in that room right there, we've got a sales guy, customer relationship guy out here in Chicago. My business partner, and I are out here in Chicago. And then we've got five or six other salespeople in the States. We've got a marketing team in the States.

Willie: And then we've got an army of help abroad, who's doing all of our diligence on our property postings, doing everything, doing all the paperwork, managing logistics and closings. And each person out here and in our office here has a direct virtual assistant-help who makes their job easier by handling all of their effectively grunt work, whether that's calling sellers on the buyside or talking to buyers, making certain or payments on time to manage billing. And so we've structured it so we've got a lot of a lot of help to assist our workers in the States.

Joe: OK, cool. Let's talk about, you're buying these lots. You're sending out blind offers. What percent of value are you buying these properties? What kind of discounts are you looking for?

Willie: So we typically look for 80, 80 percent discount, 85 percent discount. So call it closer to 80. So we're probably picking it up at twenty to twenty-five cents on the dollar. And we'll throw it out a cash price on a cash basis at close to retail. And then our margins come because largely because of owner financing, because we're able to offer people effectively owner financed loans. So our margins come out to be quite a bit bigger than what they would be if we were self-cast So that's kind of where that 80-85 percent margin comes from.

Joe: What percent of your deals do you sell with owner financing? What percent you sell for cash?

Willie: So at this point, I would say it's probably 90 percent owner finance. It's around there. So we largely focus on that. That's where we've found that there's a big universe of buyers; small universe of buyers who are able to pay cash in kind of a niche that we're focused on. And so by offering easy terms and really following into our site, doing all the things, we are able to sell a lot more properties. So we really there's a million ways you can do this niche. You can do only cash deals. You can focus on higher and you can focus on lower end cash deals. You can focus on different ranges, different markets for owner financing. What we've chosen to focus on, what we want to be very scalable, is offering our financing to individuals who want to buy cash in the outskirts of towns.

Joe: OK, cool. When you're buying a property, what determines whether you're close with the title company or not? So you're doing your own due diligence. Is at a certain price point or a certain size?

Willie: Yeah, it's generally higher priced deals. Anything like ten grand or higher we'll outsource to a title company. If it's under 10 grand and most likely ourselves. Yeah, I'd say that's the range. Certainly, something we're looking to sell north of thirty thousand in cash in that region. We're gonna hire that obviously.

Joe: Yeah. Okay. Cool. You're selling. These are the owner financing. So give us a typical deal that you guys do. It's worth what? You buy it for what? You sell it for what?

Willie: A typical deal for the owner financing a buyer for literally three thousand dollars and sell for 18 to 20 thousand.

Joe: It's probably worth 18, and it's probably worth 20.

Willie: We'll probably put it on market cash basis of fourteen, fifteen thousand. And then the terms come out to be a little bit higher because they're paying over a period of five, six, seven years.

Joe: So when you advertise in are you advertising it for two price? One cash price and one owner financing price?.

Willie: Correct, so there's two different prices.

Joe: Why do you do that? Why not just advertise it for one price? Owner financing. Because that's what you want to do anyway with these. It sounds like.

Willie: Yeah, honestly, I'm not adverse to doing that, just largely because 90 plus percent of our deals are sold through owner finance. I don't think it's like it would be a bad idea to just offer one price, just totally ignore the cash price. If they want to make a deal, just give us a call and we'll make a deal on the cash price. So I'm not adverse to that. We just haven't been doing it that way.

Joe: OK. So it takes a lot of capital to buy these properties. And, you know, you're selling 50 or 60 a month. You know, maybe only 10 of those are for cash. Right. Are you guys using your own money? Did you bring on private investors to get the capital to acquire these properties?

Willie: So yeah for a while I was just using my own capital. First two, two and half years and then I formed this new partnership with my current business partner Paul. And then I started to use some additional capital. And then we've got some investors involved. And then ultimately now we're raising the funds to continue to buy and sell.

Joe: What do you tell the new investor who's starting to have some success, starting to pick up a lot of deals? They're running out of cash to buy them. What are some of the things you recommend to folks to get the money to start buying these properties?

Willie: Yeah. So I think if you have a budget of around five thousand dollars, you could literally start buying these lots at five hundred bucks. Selling them for twenty-five hundred, three thousand. Pretty regularly. I don't think that's I mean, those margins aren't super, super crazy at that price point. So I think if you could afford the mail, you can start doing that. Alternatively, there's a few other ways you can get started. One, you could find investor capital. You could send out mail, find some deals. And then once you find a good deal, you can even set at higher price points on the property and once you find a deal you can look for and say, hey, I got this deal.

Willie: Post it in a bunch of Facebook groups and just say, hey, real estate groups just say, hey, I found this land deal. It's worth. Call it 50. I'm buying it for ten. And I'll split profits 50/50 or 60/40, whatever you want to stretch me before you invest here. That would be another alternative. So if you're strapped for cash, look for investor money or do small deals or you can look to take out some debt. If you have a job and feel comfortable saying take out some debt because you have a recurring income on your W-2 wages, whatever it is. So I'd feel comfortable like suggesting that's not a bad avenue. Don't overleverage yourself, but I think those are a few different ways to do it.

Joe: I would imagine it wouldn't be that hard to find private investors for these deals because their margins are so big.

Willie: Yeah, you could also double close on deals so you can get a property contract just in the contract on one that we had available. It provides six months diligence period. You got six months to close and it provides marketable, equitable title while you have the contract. And so if you have it, you can start marketing it. Once you find a buyer, then that's really easy to double close on because you've already got the buyer. You have it under contract for X price. You spread it between there. And you can entice any investor to put up capital for two weeks or whatever. You close the deal or you can just do a double closing and close the same day.

Joe: Yeah. Nice. We've done that sometimes. Most of our deals will just, if I use my own money, we'll buy it. We sell most of all of our deals for cash. I'll get the cash back right away. It turns pretty quickly. What's the average size lot that you're looking for? And where are you looking for? Let's talk about. Is it within an hour or two from the city or infill? Lots more rural and vacant the better.

Willie: Yeah. So we'll buy anywhere. So we'll buy from as little as 5000 square feet. We try not to buy anything smaller than that up until I don't really buy anything above forty acres. Yeah. The sweet spot it above five thousand square feet, less than 40 acres of land. It doesn't really matter to us. The only thing that matters is the data and understanding where there's a lot of activity. Where there's a lot of sales happening. And if there's a good market within our price point that kind of fits what we're looking for. We'll buy it. It does matter if it's outside of a town, it doesn't matter if it's super rural. If there is a good market for that or we think we can sell it. We'll try to buy it there.

Joe: So you'll do infill lots in small towns?

Willie: Yeah, yeah. Definitely. We've had plenty of infill lots for sure.

Joe: I know some guys that focused just on that and they buy these little tiny lots and these little tiny towns and they've got tons of them on their Web site. I'm thinking they've got to be buying these things for like one hundred dollars. Five hundred bucks max. So you're saying there's a market for that you can actually sell these things?

Willie: Yeah, absolutely. Yeah, infill lots for like five hundred bucks. Yeah. There's some really, really cheap subdivision neighborhoods. So it doesn't surprise me at all whether or not you actually might live there is a different question. There's a lot of empty subdivisions out there. Many states, many counties, many cities. And like some people had plans to build there, do things there. And then for whatever reason, people just stop building. You go to Arkansas, it is like subdivisions for days. You can buy and pick up some really cheap lots over there.

Joe: What about an empty lot in an older subdivision, homes that were built in the 50s, 40s or 50s? Do you buy vacant lots there?

Willie: Yeah, the only thing is I would look at the data and make sure. Check the market. Make sure there's activity happening there. If there's sales happening and no issue. I'll buy some plots in Jupiter if there's some sale activity up there.

Joe: Where are some of the places you like to go to find activity? Find the data for investors or people are buying these vacant lots?

Willie: So we often use Zillow. We use land watch. We could use Redfin if the data is available there. Realtor.com has some data. We'll try to leverage whatever resources we can. Lands of America also has data. There's plenty of free sites out there with all this data. You just gotta find it and leverage it. And then kind of choose those good markets.

Joe: Are you looking for active listings or sold listings?

Willie: I'm looking for both. So I will generally find markets where there's a lot of cuts by looking at what's for sale. So if there's somewhere with a lot of cuts, you'll be able to find out at large where there's a lot of properties selling and you can narrow that down by cities. Looking at cities in the states that had the most property for sale. No idea whether or not there's a lot of cuts.

Joe: What do you mean by cuts? There's a lot of cuts?

Willie: Just different lots. Like a subdivision has three thousand quarter acre lots. Like that, you'll be able to find it for you because there can be a lot of property for sale in that area. And then we'll leverage other sources, Redfin, Realtors, Zillow, just to see if there is some activity happening there on the sales side. And we'll try to compare the for-sale data with the sold data. We'll choose our markets based on that.

Joe: Some people are probably wondering, like, OK, you're making your offers at 20 cents on the dollar. Aren't you going to offend some people? Aren't you going to make them really mad? Well, how can you get away with that?

Willie: Yeah. So I think with any and any of this real estate, the main thing you're going to be doing is buying property. So in any next real estate, no matter how you're sourcing it, you might offend somebody for making an offer on their property and you think it's worth more. So I don't think that's unique to this niche by any means. And so, I mean, if you're adverse that you're worried about people bugging you, we send all of our calls to a call, sort of. It's called Pat Live. I am sure you heard it. Other real estate agents use it and they pretty much just answer the call.

Willie: We give them a script and they say, hey, what county is this in. What state is this in again? What's the size? Are you accepting the offer? Are the taxes current? Are there any liens? That kind of thing. That funnels to us. So we don't deal with any of that. And we're just reviewing deals. Saying yeah, buy or sell, renegotiate whatever. There's no access, whatever. So that's kind of how we've built up, built in. So we're not dealing with any of that anymore.

Joe: Cool. So when you get a property and you comes in and it has an HOA or doesn't have road access, what are some of the deal killers for you when you're looking at deals?

Willie: So if there's any notable liens, or if it's an HOA or there are bad liens. I mean it's not a deal killer. But like back taxes, HOA dues that are not current. Water fees that are not current. We will absolutely have to deduct that from the purchase price. If there is an HOA and the seller is not cool with that, then we'll likely pass on the deal. If there are HOA fees north of 500 bucks and that's a red flag for me. I'm not super interested in paying that. If they're less than 500 bucks, I'll probably mess around with it. Or if they are over 500 bucks, I'll have to make a really low offer to it to really entice myself to have to go through that headache. So those aren't necessarily a deal killer.

Willie: But those are some of the things to look out for. Properties without road access is worth considerably less to us. We're not as willing to buy those, but we will if we get it at a good enough price. And I don't know that there's any other deal killers that I can think of. If the terrain is really bad then I'm not super interested. If it's very hilly or mountainous. Oh, I don't like buying those. Even if you can get it pretty cheap. I don't want to hold those. They will sell, you know, you can make some money on it, but it's not really what our strategy is. So try to keep it flat, try to keep it with a road, try to keep it with no HOA. Liens, back taxes, that's probably all the due diligence that we need. And if it crosses those and it's in a good market and we'll almost certainly buy it.

Joe: Very cool. We talked about your markets. You're looking for properties that there's a lot of activity. Are you still in it? Are you trying to be in an area where someone wants to go on vacation or in the mountains of the lakes, or are you buying closer to the city? Does it matter?

Willie: So we buy in all of the above. So we'll buy out an out in the mountains. We'll buy in the desert, we'll buy subdivisions, we'll buy next to houses. So we've got a mixed bag. And so a lot of people don't like to buy call it desert property, but if there's a good market for it, there's people buying it. We don't really discriminate against it. We'll take it. And so long as people are interested in moving out there doing stuff with it. Buy and speculate with the land. We'll do that. So we're not super picky about what the real estate actually looks like. We're more data centric, data focused. And that's kind of how we amass properties that we buy.

Joe: Would you pass on a deal that you bought for, like we passed on some deals where we're only going to make if we sell it cash really gonna make like two or three grand. And I know that's it sounds kind of lame, but we're just like it's not worth our time. Is there a deal that's like too small of a margin or profit that's just not worth your time? You pass on it?

Willie: Yes. I don't think I mean, we're past the point. We're buying stuff with five hundred and selling it for three thousand. I would say we're not going to do a deal unless we make seven, eight thousand anymore. We have so many leads in our database. We probably have 200 or 300 properties in our database right now that we could buy. So why mess with the bad properties work, we're in a very powerful position getting to choose whatever lots we want to buy.

Joe: About how many offers do you send a week?

Willie: That's a good question. I would say we probably sent on average about twenty thousand units over the past several months. So I'd say we're probably in that range.

Joe: And so about ten thousand a month. Twenty-five hundred offers a week.

Willie: Sorry, we'll probably send out four to five thousand a week. So call it like twenty thousand month.

Joe: Four or five thousand offers a week. Yeah, that's awesome.

Willie: So we'll send out a lot of mail. I mean right now, we'll probably send close to that this month. We were about to send out a big mailer. Next month might taper down a little bit. Really in our database, like it funnels from Pat live into our database. Our CRM we use mother.com.

Joe: And I'll ask you more about that in a minute, but go ahead.

Willie: So we'll pick and choose. And like, right now we've got like 20 different counties and like 200, 300 different properties in there that we would like to buy, pass by. So we just don't have the time to do that. So I was just looking at our Pat live yesterday record and there's like forty three calls and it's been like that every single, every other day is like 40, 50 calls. So we're in that range. And so many leads coming in right now. I don't see us continuing to send out twenty thousand a month but I mean we'll taper a little bit. But we like sending a lot of mail because then we're in a position of power to be able to choose not just between like ten, fifteen deals, but like hundreds of deals, whatever we want.

Willie: And we try to close 25, 30 properties a week. We think it's a very powerful asset to have is that database. And if you're just giving out in the mail, then you're gonna be reaching for bad deals and trying to justify buying bad deals when with this niche, it's not like house wholesaling. It's not like house flipping where deals are hard to come by. It's not that crazy to send out. The mail is expensive, but from what you make on a single deal, the number of deals that you do, the mail source is negligible. So we think it's important to send out a lot of mail and a lot of interest that leads.

Joe: You're using Monday.com for your database, right?

Willie: Yes. One of our databases. Pat Live scripts. We're having virtual assistants scrub that list through Monday and then we have a system where it's either buy, pass or renegotiate. And we have to explain and the virtual assistant will go back and renegotiate with a template. Saying hey, this property doesn't have road access. We can't offer you five thousand, we can offer you three thousand for this reason. And then that'll get populated into Paul and me review it. And that kind of thing. And then once we approve it, it'll be added to our other CRM, which posts all of our properties our other CRM has over a thousand properties in it.

Willie: And that's kind of where we're under contract, closing the properties, listing properties that are on the market and then sold. Sold, owner finance. Paid off. Cash. So that's how we classify everything. So we've got the way we're organized is the reason we've been able to scale and we wouldn't have been able to hit this level if we weren't super organized. But as you get started, don't let it overwhelm you. We're at a level that I was nowhere at near even a year ago. There's plenty of deals that we have. You don't need to be this organized when you're getting started. It's just the point of scale and you could be doing a couple of deals a week or a couple of deals a month and just have an Excel. I was in Excel for two years.

Willie: So don't think that you need to get Pat Live. Don't think you need to get fancy CRMs and software. You don't. You can answer the calls yourself. You probably should do it as you're getting started. You should be answering the phone calls, from talking to sellers, negotiating with sellers. You should be doing all the upfront. Maybe take notes on a notepad. Like I don't want anyone to think that you need any of this stuff because you don't. And it's only a point of scale where you need to start to get really organized. A lot of what I'm talking about make you fearful.

Willie: I would say listen to Joe's kids who what they're doing is making twenty thousand hours in a deal. And I think that's kind of the, you don't need any real estate background. You don't need a lot of technical. You really don't need any technical capability. You just need to be able to read the market. Basically any one can do. I guess more important is you had the courage to actually buy these properties and then market and sell them and then keep your head in there When things are not good, things go wrong.

Joe: So yeah, that's so important to understand. Because people get overwhelmed with technical details. I need Pat Live. What? I need VAs? I need Monday.com? What's your other CRM that you're using after Monday? Airtable, which is kind of like Podio. And I have to set all the stuff up and you get overwhelmed by that? No, I tell people all the time you just need a pen and paper. That's how I got started. Not that I didn't like computers, but I was on the computers all day at work. I don't want to be on the computers in the evening. So I would get four manila folders, one for blank lead sheets, one for hot leads, warm leads and cold leads.

Joe: Every time a lead came in, it would go into one of those three folders and I would write down what the next thing I had to do was every day I would first go through my. Hot leads. And then my warm leads and cold leads, right? So, yeah, you don't have to have the technology to do all that. I've customized REI simple to handle our land deals, and it's pretty killer. It's amazing how it works. I love it, but you don't have to have that to get started in any kind of real estate that you're doing. Let me ask you some more questions here. If you don't mind your owner financing that you're doing, what's an average like interest rate you charge? Or the monthly payments that come from that?

Willie: So we charge zero percent interest. So we make that easy. And the average monthly is about two hundred fifty dollars a month. So we recently made our payback's in the month. We need to get our money back to be, call it under twelve months. So probably 250 to 275 now. So we're trying to get a little bit more months and just get everything paid off a little bit faster.

Joe: So you're only owner financing these things for under twelve months?

Willie: Sorry, no that's our payback. So our average owner finance length is probably six to seven years. .

Joe: Okay. Yeah, but you get your money back in twelve months. Yeah. It's 12 months or less. What are you getting on average for down payment?

Willie: Average is very low. So it's basically with the monthly fees is going to be. So we just want we want to get them in the door and get them paying monthly rates and we try to keep it super low. If you're cash strapped and you need a capital to turn and you're trying to get started, you're like I can't afford to pay two thousand dollars in property and get my money back in 12 months. Then I would say try to get my back in the down payment or just through cash deals. So don't focus on our model as much. We're at the point where we're sophisticated investors at this point. So if you need to get to cash deals or just focus on getting the cost basis on a down payment.

Joe: Do you track your default rates? What are your default rates on these owner financing notes?

Willie: Yes. Right now we have the metrics of five and a half percent of people are late right now. Just over five percent are late at the current moment. We just had a weekly meeting. That's kind of where the numbers roll out right now. I would say a number of people who default the first year, it is under 20 percent. After that, it's really, really small because at that point, they don't want to lose everything they put into the property. And at that point, frankly, it doesn't make too much of a difference from our end. So we don't have to stress about it too much because like I said, twelve months is how quickly we get our cash back. And so we'll have our cash back from the property at that point.

Joe: Cool. So about 20 percent on average you're saying default within the first year.

Willie: Yeah. Under 20 percent. So over 80 percent will pay up.

Joe: What are the what are some of the main KPI is that you track? You know, if you could have a TV monitor on your wall, what are some of the most important metrics you're following?

Willie: I will pull up our scorecard right now. Yes. All of our KPI is right there. Property sold, total deal value. Weekly receivables, new sales. Right. I mean, I can go down this list. It's pretty long. Let's see. Number of new properties listed for sale because it's a good one. Weekly site traffic. Median days on market. Number of properties purchased each week. Number of title deals closed. Number of buyers late. Number of buyers in contracts. Number of people defaulted. Cash collected through a processor. Those are some of the main ones we have.

Joe: What are your most important metrics? Like, if you could only look at one or two numbers every day, what would those be?

Willie: Are weekly receivables added I think is very important. Our total deal value from the week is very important.

Joe: Does that deal value of what you purchase for the week?

Willie: So that's sold. So total terms to be collected over the life of that loan. But I think even more importantly, that is weekly receivables added. We have weekly meetings and these are the numbers that we're looking at. The amount of receivables we're adding to our receivables each week.

Joe: This is additional receive additional receivables?

Willie: Additional receivables added to our recurrent revenue.

Joe: Now, this is a personal question. You don't have to go in too deep in the details, but how is your cash flow?

Willie: So cash flow is it's good. I mean, obviously with real estate, you need a lot of cash to grow a business. So I would say the margins and kind of if you compare it to cap rates and you're looking at other niches. Say you're looking at apartment buildings or you're looking at any other niche that like, I don't really know. Whatever multi-families, storage units, mobile homes? Whatever. Cap rates are some 10 percent on average. You agree with that? So with this niche, I mean, if you compare it, like you're getting all your caps back in twelve months on a deal. Our meeting as a market is under 30 days. And so we get our cash back in under twelve months. So you get a hundred percent cashback on these deals within twelve months. It's not apples to apples.

Joe: There is no other real estate model where you get 100 percent of your cash back in 12 months on average.

Willie: Yes. So your operating income divided by the purchase price of an apartment building, you're going to get your cash back in. Call it, you know, 20 years. Even sometimes. So this you're going to get back in one year. So I would say cash flow compared to other real estate niches. It could not be better. So it's really, really good. I mean, compared to some other niches like service businesses might not be as good, but compared to real estate, cash flow is phenomenal.

Joe: Yeah. What are some of your big revenue goals or your business goals? What do you want to be this year? In five years?

Willie: So our goal is to hit over 10 million in deal value for the year. And we should not have any issue with that. We're certainly on pace at this point. And beyond that, I mean, we just want to keep.

Joe: I'm sorry. Let me go back. Is that 10 million in incoming revenue or is that 10 mil? You want to own 10 million dollars worth of real estate?

Willie: So from the year. From twelve months. Having a deal value. So the total term payments to be collected to be over ten million. So that's the goal. So we'll have a big book of receivables at the end of the year. That's the goal. And beyond that is really to just grow it. Grow it from there to raise money. And I don't see why we can't scale this to fifty in the next few years, so we'll just grow from there.

Joe: What do you see happening right now with the recession? How is that affecting you? I mean, what are you predicting going forward past November? You know, past the election?

Willie: Yeah. So we've. I mean, COVID has actually been, in terms of a demand standpoint, it's been very good for business because people are looking to get out of cities and build and do things elsewhere. So we've actually seen an increase in demand. We've had record months each month for the past several months. And we've got a lot of feedback from buyers that they're looking to buy because they're looking to get away from areas. We've got a lot of feedback from Realtors saying they've never seen a hotter market in their careers. And they've been doing this 20, 30 years, some of them. So I think overwhelmingly, we talk to investors all the time. Everyone seems to be doing very, very well.

Willie: So I would say the this particular recession has turned out very well for us. Just given what people are looking to do now. So that is a positive for us. I think going forward next year, the following years. I don't see why it wouldn't continue. I think people are going to continue to want space, moving away from cities. People are fed up in price, high prices for living in urban areas. People moving out of L.A., moving out of New York, move out of Chicago, move out of Dallas, whatever. Find some locations where they can move and have some space and be able to breathe. So I think that's a trend that will continue. I think this niche is poised to continue to grow. So I don't see any reason it would stop. So I'm pretty optimistic.

Joe: Willie, if you had two hundred fifty thousand dollars burning a hole in your pocket right now, if you had two hundred and fifty thousand dollars in cash, would you use that money to go, and you wanted to invest it in a real estate asset. Would you go and, you know, buy a multi-family? Would you buy a storage unit? Would you buy a couple of duplexes free and clear? What would you do with that money?

Willie: I would throw it in the cap rate that is a hundred percent versus the cap rate of six percent. So I would do throw it into vacant land.

Joe: You wouldn't you wouldn't lend the money out and just be the bank?

Willie: I mean, what margin are you going to get on that? I mean, you could get twelve percent yield. It's eight percent yields. I'd rather get one hundred percent yields and have recurring revenue over. That's just pure capital. The next six years after that. So I'm very bullish on this niche. I clearly throw it all into lands. You can't get the margin in land anywhere else in real estate. And yes, I would blow through that pretty fast. And look to raise money and do it again and pay back investors and just keep that up.

Joe: It's interesting, too. I talked to a guy, you know, a friend of mine he's been doing real estate since doing vacant land investing since early 2000s. And I asked him, I said, when the recession hit last time in 08 and 09, what was the worst default rates? How high did your default rates go? What was the worst? And he said it was about thirty five percent. But remember this, he said, I owned all that land. It didn't matter. I didn't have a mortgage payment to pay. I didn't have utilities to pay. I had a little bit of taxes. But what's taxes on a five-acre lot in the middle of nowhere Arizona? Yeah. So even if default rates go up, it's very unlikely that that'll get worse than thirty five percent, even if it got to 50 percent default rates. You own the land.

Willie: You own it. Everything that's gone in, they paid and there's no reason. I sleep very well at night.

Joe: And even if that that happens. Okay, maybe you slow down your acquisitions. Maybe you kind of reduce some of your overhead and your staff and your marketing and all that. But like you could if you shut off everything today, Willie, and didn't buy any more properties. And, you know, unfortunately, you had to let everybody go. How much cash flow would you be making for the next four or five years? Do you feel comfortable, you don't have to tell me a specific number, but would you feel pretty good about that?

Willie: We'd feel very comfortable. We have no issues. So, I mean, like I said, I think the margins speak for themselves. So I mean, the business model is so sound. And I think there's one thing we didn't really talk about today is, is that like if people do default, it's not really like any skin off your back. It's no issue. Because I have over the course of the last three years since I've been doing this, I had 40 to 50 people default. I've resold basically every single one of those properties and I've incurred zero cost of foreclosure, zero legal expenses on reselling it.

Willie: The one situation I had, I had to haul off a trailer. It cost me a thousand bucks. A thousand bucks out of 40 ish people who have defaulted. They've made payments call it north of 50 grand. So they paid in 50 grand or more. And I've had 1000 costs and resold every single one of them. And the large, large majority of people are still making payments. Yeah, I mean, hundreds and hundreds of people are still making payments. I mean, it's the business and the business models is so sound at any angle you can look at it. So I think where you're kind of talking about this worst case scenario is not so bad.

Joe: So when you finance somebody who's buying your property, do you give them the deed or is it like a contract for deed? A land contract?

Willie: Land contracts with a large, large majority of them.

Joe: Cool. Now, you partnered recently with a friend named Paul. He was a big an e-commerce guy, wasn't he?

Willie: Yeah. He even had an Amazon business.

Joe: Which was doing really well, right? Yeah. Why did he get out of it and why was he interested in land?

Willie: So he got of e-commerce, I mean, there's a lot of I mean, issues with Amazon controlling the platform and taking a lot of his spread. There's a ton of competition in Amazon field. It's just not that way in vacant lands. And a lot of headaches that just he had to deal with. When you have your own website, you're driving traffic to your website or you're just marketing on these platforms and you just don't have to deal with that. And the margins on this business are, like I said, 80, 85 percent in Amazon field of e-commerce. It's like, I don't know, 20, 30 percent with the most. So I think the fundamentals is very strong here.

Joe: And so you guys, how'd you guys meet?

Willie: So we met through a mutual friend.

Joe: Yeah, cool. And you partner together on this land investing business. What did he bring to the table that you didn't have? I'm just curious.

Willie: Really nothing.

Joe: That's why he's not here.

Willie: Yeah. He had a good sales marketing backgrounds and had ideas like growing the business and hiring people. So we really built this team into much bigger, much bigger than it was when I originally had it on my own. So it's like I said, it was just me and a VA before. And he's gotten some sales expertise I didn't have and so he's really focused on the sale and helped out with that. And so it's been a great partnership.

Joe: And you guys have created a course together called Land Investing Pros. You teach and coach people how to do the same thing. Is he more involved with that on that side of things?

Willie: So he's all involved in everything. So we're doing deals, doing everything sales. And we're certainly equal partners in everything.

Joe: So talk about what is land investing pros? What is that? What's your goal?

Willie: So land investing pros. I mean, we've got our business pretty automated. Where Paul and I are really only reviewing deals, sending out mail, and that's really it. And so we got some time and we're like, why not? It'll be pretty easy to teach people how we've done it, because I've gone through a number of different courses. I got started and a lot of them, frankly, lacked some of the strategy that we now have today. We have things a lot differently, in particular choosing hot markets and marketing and selling property really, really, really well and differently than anybody else. And we're like, why not create this course and try to market and sell it and teach people kind of our system because we truly believe that we're doing this better than anyone else out there.

Willie: So we have put together a step by step course from how to choose markets, how to build your lists, how to target those lists, how to price those lists, how to close deals, special focus on marketing and sales because of your landed us, you got started. You know, it's not so hard to find deals with a little bit slower market the sell side. But if you can figure out how to make that faster, you can do really, really well. So that is that is a core focus of our course. And then systems and scaling. That's everything that's taught. And course was all our templates and resources and everything that we that we use in the land business included in the course, and also comes with lots of good coaching. David, our sales guy who just walked past. He is doing those weekly calls. It helps with that. So you got everything there. So that's what we're doing now and that's why we're doing.

Joe: Very good. And how can people get more information on Land Investing Pros?

Willie: I encourage anyone who's interested to join our Facebook group, Land Flipping Formula. And on Facebook land flipping formula. We do have a podcast Fire your boss real estate podcast. Those are probably the best ways you go to our website, Land Investing pros.com. We've got a free webinar and there's a number of different things people can do.

Joe: Very cool, man. I'm happy to see you doing so well. I remember watching your videos when you first came out. I think I first heard of you from a podcast with Seth Williams. And it's cool to see you just explode your business, man. And congratulations. Good for you. I should have worn my St. Louis Cardinals jersey. Hey, if I would've remembered that you're from Chicago, I would have honored you with my St. Louis. Cardinals gear. But have you seen the video right there, there's the Saint Louis Cardinals hat. But are you a Cubs fan, by the way?

Willie: I have not followed baseball too much. But, yes, I consider myself, if there were games that I would go to games.

Joe: Don't be surprised if this podcast is never published now, huh? I'm just kidding. Just kidding. It's a friendly rivalry. Love Chicago. My dad grew up in Chicago. He grew up in Lake Forest, I believe. Yeah. Right next to each other. He'd go down to the Wrigley Field with his dad when he was a kid. And I remember as a young kid going to Chicago when I was a little kid. It's so freakin cold and windy in the wintertime. It's crazy downtown, especially downtown.

Joe: So, anyway, Chicago's a cool place. Glad to see you doing so well, Willie. And guys, again, go check him out. Land flipping formula is the Facebook groups. Go to Facebook, do a search for land flipping formula Facebook group. You've got a YouTube channel and a podcast is just called Land Investing Pros.

Willie: Land Investing Pros is the YouTube channel. Fire your boss real estate podcast.

Joe: Fire Your Boss Real estate podcast. Right. Cool. And then your main Web site where your course and they can watch a webinar. Land investing pros. Dot com. Right. Right. Cool. All right, man. Hey, say hello to your business partner, Paul. And thank you for being on the podcast. He a Cubs fan, by the way?

Willie: Thanks, Joe. I think he is.

Joe: All right. We'll see you later, man. Hey, guys, go check out. You can get this the all the links that we talked about on this podcast, the transcript, even of this podcast and all the links and everything. You can get it at the podcast Web site, RealEstateInvestingMastery. Com. RealEstateInvestingMastery.com. You can just go to our REI podcast.com. I believe that still works. Don't know. But you can get all the show notes, transcripts, links that we talked about here and even see a video. If you're listening to this on it, on audio, you can see the video of us there as well. Thanks. Really. We'll see you guys later. Take care. Bye bye.